

INTRODUCTION

Jackson County Intermediate School District (JCISD) entered into contract number BA-01-38002 with the Michigan Family Independence Agency (FIA) to provide a Before and After School program to children in kindergarten through 9th grade and their families. The children participated in activities such as computer skills, math, language, arts, and writing. The Jackson County Intermediate School District was reimbursed for actual costs incurred through submission of monthly billings to FIA. The contract totaled \$870,731 and covered the period October 1, 2000 through June 15, 2001.

SCOPE

The Office of Internal Audit performed an audit of Jackson County Intermediate School District to determine if their billings were accurate, and if costs billed were allowable and properly supported by the accounting records and supporting documentation in accordance with the terms of the contract. We also reviewed a sample of TANF forms and Surveys to determine that services were being provided to TANF eligible families. Our audit covered the period October 1, 2000 through June 15, 2001. Our audit was performed in accordance with Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors.

EXECUTIVE SUMMARY

Based on our audit, we conclude that the Jackson County Intermediate School District overbilled FIA \$31,824 for the contractual services line item. They prepared a revised expenditure report to correct for the overbilling while we were onsite. We also found that two subcontractors did not submit their billings on a timely basis.

JACKSON COUNTY INTERMEDIATE SCHOOL DISTRICT RESPONSE

The Jackson County Intermediate School District did not respond to our draft audit report.

FINDINGS AND RECOMMENDATIONS

Duplicate Billing

1. Jackson County Intermediate School District overbilled FIA \$31,824 for contractual services because they included this amount twice in their billings to FIA, although it was billed only once by the subcontractor.

The contractor submitted a revised expenditure report correcting the contractual services line item in their final billing while the auditor was still on-site.

WE RECOMMEND that the Child and Family Services Administration remind Jackson County Intermediate School District of the need to ensure the accuracy of their billings before submitting them for reimbursement.

Subcontractor Billings not Timely

2. Two of Jackson County Intermediate School Districts' subcontractors did not submit their billings on a timely basis. These subcontractors submitted their billings for the entire contract period in the last month of the contract. The Jackson County Intermediate School District should insist on prompt billing from their subcontractors in order to allow them time to monitor the billings, ensure that the program is staying within budget, and to correct any billing problems early on in the program.

WE RECOMMEND that the Child and Family Services Administration advise Jackson Intermediate School District to ensure that their subcontractors bill them each month for costs incurred for the Before and After School Program.